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TAGS: EFIN ETTC ETRD PREL SN

SUBJECT: SINGAPORE RESPONSE: IRAN'S USE OF EDBI TO EXPAND ITS WORLDWIDE BANKING RELATIONSHIPS

REF: SECSTATE 120453

Classified By: E/P Counselor Joel Ehrendreich for reasons 1.4 (b)/(d)

¶1. (S) There are no branches of Iranian banks in Singapore and the Government of Singapore (GOS) is not aware of any efforts by the Economic Development Bank of Iran (EDBI) to establish financial ties or institutions in Singapore, Valerie Tay, the Head and Deputy Director of Financial Services Cooperation Division at the Monetary Authority of Singapore (MAS) told EconOffs December 3. Tay noted that U.S. Treasury's Office of Foreign Assets Control (OFAC) designated EDBI back in 2008, and she said that Singapore banks have not filed any suspicious transaction reports regarding EDBI. Tay said she appreciated being alerted to the possibility of future trade between Ecuador and Iran that might route through Singapore and said that MAS would welcome any additional information regarding specific transactions or goods that Singapore should monitor.

¶2. (S) Tay emphasized that banks in Singapore are wary of any dealings with countries or entities that are associated with UN sanctions or OFAC designations. Maintaining Singapore's standing as a trusted financial center is paramount, she added. Local banks often refuse to do business with Iranian firms or Singapore firms seeking to transact with Iranian companies, because of the potential reputational risks, even when the transactions are legitimate and not subject to sanctions. Tay said that banks had regularly rejected business from OFAC and UN-designated countries in the past and she surmised that few entities from those countries would now attempt to apply for accounts at Singapore banks. Tay confirmed remarks by Ministry of Foreign Affairs (MFA) officials that the lack of trade financing is a significant barrier to expanded trade and investment ties between Singapore and Iran (septel). MFA officials also said they were not aware of any overtures by EDBI or other Iranian banks to establish ties or institutions in Singapore.

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